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AT&T Study: Almost One-Third (30 Percent) of U.S. Businesses Do Not Consider Business Continuity Planning a Priority

Businesses in New York and Houston Most Prepared for Man-Made and Natural Disasters; Minneapolis/St. Paul and Cleveland Businesses Least Prepared

SAN ANTONIO, May 29, 2007 — Despite another year filled with hard-lessons learned from tornadoes, floods and fires, 30 percent of businesses across the country are still not prepared for the worst-case scenario, according to AT&T's annual study on business continuity and disaster recovery preparedness for U.S. businesses in the private sector.

Key findings from the 2007 AT&T Business Continuity Study include:

- **Of the 10 cities surveyed this year, businesses in New York ranked first in terms of being the most prepared for natural and man-made disasters, and businesses in Cleveland came in last.**
- **Companies may have a false sense of security.** With 30 percent of companies citing that business continuity planning is not a priority, the results suggest that companies may have a false sense of security. Fifteen percent believe that their systems currently in place are sufficient; 14 percent believe that the probability of a disaster causing business disruption is small, and 13 percent believe that the probability of a major disaster is small.
- **Businesses are not heeding government warnings.** The private sector does not give much credence to warnings issued by the government. Of businesses hit by a disaster, only 41 percent take action when the federal or state government issues

an alert. This is compared with an even lower figure of 33 percent for those companies that have not been affected before.

- **Putting a plan on paper is only half of the battle.** Overall, a majority (57 percent) have updated the plans in the past 12 months; however, fewer than half (41 percent) had actually tested the plan in the same period.
- **Man-made disasters are a real threat.** Roughly 82 percent of executives surveyed say that cyber security is part of their overall business continuity plan in 2007. Key security threats cited by companies included viruses and worms (nearly 75 percent), hackers (45 percent) and SPAM (37 percent).
- **Education is key.** Seventy-eight percent of businesses that have lived through a disaster have educated employees (compared with 63 percent, respectively) and defined corporate security policies (76 percent compared with 62 percent, respectively) as part of their cyber security planning.

For the sixth consecutive year, AT&T's Business Continuity Study surveyed 1,000 IT executives from companies throughout the United States that have more than \$10 million in annual revenue for their views on disaster planning/business continuity trends.

Not surprisingly, there are disparities across the nation. Businesses in areas hit hardest by disasters have been able to learn lessons from the past. New York and Houston business executives indicated that business continuity planning has become a priority in recent years because of natural disasters, security and terrorist threats (45 percent and 33 percent respectively, compared with 29 percent nationally). Conversely, Cleveland executives believe that the probability of a disaster causing business disruption is small (22 percent compared with 14 percent nationally).

The 10 2007 surveyed market rankings for businesses from highest to lowest in preparedness are:

1. New York
2. Houston
3. San Francisco
4. Boston
5. Memphis/Nashville
6. Atlanta
7. Chicago
8. Los Angeles
9. Minneapolis/St. Paul
10. Cleveland

“We continue to see a steady increase in the number of companies, both large and small, that are concerned about the impact that a man-made or natural disasters can have on a business,” said Bill Archer, chief marketing officer-AT&T Business. “By developing, implementing, and testing business continuity plans on a regular basis, companies can be best-prepared to restore and maintain key business processes and operations.”

AT&T brings its own business continuity and disaster recovery expertise in running and managing some of the world’s largest and most complex networks — including its own — to businesses worldwide.

Earlier this year, AT&T was awarded the 2007 North American Business Continuity and Disaster Recovery Services Product Line Strategy Award from Frost & Sullivan. AT&T was cited for having aligned its business continuity products with customer demands and was acknowledged for its successes with the introduction of new products, the ability to accommodate different market segments and for its enhancements to its packaging, service, delivery and financing of its product line.

AT&T offers a wide array of business continuity services encompassing disaster planning, risk management, recovery preparedness and communications readiness. AT&T Business Continuity Services are comprehensive, providing enterprises with business impact

analysis, risk assessments, a full continuum of storage solutions, high availability network solutions, and network and IT security solutions.

The company also conducts Network Disaster Recovery (NDR) exercises several times a year that are designed to test, refine, and strengthen AT&T's business continuity and disaster-response services in order to minimize network downtime. By simulating large-scale disasters and network service disruptions, AT&T can apply and refine best practices for rapidly restoring communications to government and business customers.

Throughout the past 10 years, AT&T has invested more than \$500 million in its NDR program, which includes specially trained managers, engineers, and technicians from across the United States, as well as a fleet of more than 150 self-contained equipment trailers and support vehicles that house the same equipment and components as an AT&T data-routing or voice-switching center.

For more information on the AT&T 2007 Business Continuity Study, including the complete report, visit http://www.att.com/biz_continuity_study_2007.

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Study Methodology

These results are based on a telephone survey of 1,000 Information Technology (IT) executives in 10 U.S. metropolitan/regional areas (Atlanta, Boston, Chicago, Cleveland, Houston, Los Angeles, Memphis/Nashville, Minneapolis/St. Paul, New York and San Francisco). The sample of participating companies was drawn from Dunn and Bradstreet's business list of companies with at least \$10 million in revenue located in each of the 10 areas. The metropolitan areas are based on DMAs (Designated Market Areas). Interviews were conducted January 17 - February 14, 2007.

The most prepared to least prepared Business Continuity rankings (from 1 to 10) were computed for each market based on responses on three components: Business Continuity Plan (having a plan, last time updated/tested, taking action when alerted by federal or state governments); Actions Taken on Plan (business continuity measures in place including Internet security measures, establishing redundant servers, educating employees, and using a service provider for outsourcing); and Cyber Security (cyber security is part of overall plan, actions implemented including educating employees, defining corporate security policies, and contracting with an outside service provider to manage security).

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